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COMMONWEALTH OF VIRGINIA, ex rel.

STATE CORPORATION COMMISSION

**Ex Parte: Investigation of Aubon
Water Company**

CASE NO. PUE980628

HERAING EXAMINER'S RULING

February 7, 2000

An Order of Settlement ("Settlement") in the above-captioned proceeding was issued by the Commission on December 16, 1998. In the Settlement, Aubon Water Company ("Aubon" or the "Company") agreed to undertake remedial actions to bring its waterworks serving the Long Island Estates subdivision into compliance with applicable Virginia Department of Health ("VDH") Regulations. A Commission order issued February 17, 1999, assigned a Hearing Examiner to monitor compliance with the Settlement.

On December 17, 1999, the Commission entered a Final Order in Case No. PUE990002. In that order, the Commission approved a rate increase for Aubon. The primary purpose for the rate increase was to fund the construction of a water treatment facility for the Long Island Estates subdivision in Franklin County, Virginia. It appears from documents the Company provided to the Staff that a number of issues remain unresolved that may delay the timely construction of the facility.

I find a hearing should be conducted in order to gather evidence of the current status of the Company's construction of the water treatment facility, and to facilitate the resolution of any issues that may impede the construction of such facility. The Company and the Staff should be prepared to submit evidence to address the following:

- (1) When will the final engineering plans and specifications for the water treatment facility be approved by the VDH, Office of Water Programs? What additional information does the VDH need from the Company in order to approve the plans and specifications?
- (2) Is the loan commitment from First Virginia Bank, Rocky Mount, Virginia, still valid? Have the terms and conditions of the loan commitment changed? If the loan condition relating to the possible annexation of the Company's Franklin Heights water system were resolved in favor of the Company, how long would it take for the bank to make the loan?
- (3) What is the status of the Town of Rocky Mount's annexation of the Company's Franklin Heights water system? Does the Town intend to purchase the Company's water system or build its own water system? Will the Town enter into an agreement that the Company will be the exclusive provider of water to the Franklin Heights subdivision for the ten-year life of the Company's construction loan?

THEREFORE, IT IS DIRECTED that a hearing be conducted on March 7, 2000, at 2:00 p.m. in the General District Courtroom, Franklin County Courthouse, 275 South Main Street, Rocky Mount, Virginia, for the purpose of receiving evidence on the status of the Company's construction of a water treatment facility for the Long Island Estates subdivision.

Michael D. Thomas
Hearing Examiner